WASHINGTON — In six months, the U.S. Treasury has bailed out more than 535 financial institutions with $590 billion. San Mateo County officials told Congress on Tuesday that they want relief for just $155 million in investments lost in the financial crisis.

The county's misfortune was to have a chunk of its investment portfolio, about 6 percent, with Lehman Brothers — the one financial institution that the Bush administration allowed to fail in the fall, leading to the largest bankruptcy in U.S. history.

Local governments Tuesday asked the federal government to cover their losses in that failure, but they faced skeptical questions — and talk of "bailout fatigue" — from Republican House members, while the Treasury Department maintained a stony silence on the issue.

The Lehman collapse jolted the world economy and claimed collateral damage in at least 21 states, where counties and cities saw $1.7 billion in investments they thought were safe become almost worthless. That in turn cost about 20,000 jobs nationwide, including 1,658 in the Bay Area, said economist Christopher Thornberg.

With the vocal help of its two Democratic House members, Reps. Jackie Speier and Anna Eshoo, San Mateo County officials made a pitch to the House Financial Services Committee for help from the Troubled Assets Relief Program (TARP). They were joined by officials from Colorado and Florida.

The Lehman failure "wiped out our operating reserves, and we have suffered about a 10 percent reduction to our budget," Ron Galatolo, chancellor of the San Mateo County Community College District, told the committee. That meant "a de-stimulus to our county" and a loss of 400 construction jobs at the college.

Other counties in the region also suffered losses because of the Lehman failure: Alameda ($5 million), Santa Clara ($1 million), Monterey ($30 million). The city of Fremont lost $4 million.

Rep. Barney Frank, D-Mass., the committee chairman, said he was sympathetic to the local governments' "entirely reasonable request," noting that if the localities had bad assets from AIG — the insurance giant that did receive a bailout — they would receive full value.

But so far the Treasury Department has turned a deaf ear, as it did in the closing months of the Bush administration. Then-Treasury Secretary Henry Paulson told Eshoo in fall that he was not interested in helping local governments with bailout funds.

Eshoo and 26 other House members sent a letter to the new Treasury secretary, Timothy Geithner, in February, asking again that Treasury use its authority to purchase the troubled assets from local governments.

Treasury officials have not responded to the House members, and despite several calls and e-mails from the Mercury News on Tuesday, the department's press representatives did not respond to questions.

"It's been said that some banks are too big to fail. It looks like some counties, school districts and municipalities are too small to be noticed," Eshoo complained. She noted that the $1.7 billion in bad assets held by local governments nationwide amounted to less than 1 percent of the bailout funds spent by the Treasury Department.

Eshoo and Speier are pushing a bill that would require the department to purchase certain Lehman investments held by governments at full face value. But they said they hoped Tuesday's hearing would put pressure on Treasury officials to do that without legislation.

In bankruptcy proceedings, governments can hope to receive about 15 cents on the dollar for such assets, said Richard Gordon of the San Mateo County Board of Supervisors. He said the Lehman corporate bonds and notes the county invested in were highly rated and "anything but speculative."

But the request for help met fierce resistance from Republicans on the committee who said taxpayers were tired of bailouts and localities shouldn't get help for investments that might have been risky.

"The federal government can't be the savior for all things that fail," said Rep. Ed Royce, R-Orange. **Rep. John Campbell, R-Newport Beach, said the Lehman collapse had a devastating impact on individuals and pension funds that were not getting any federal help.**

Orange County's 1994 bankruptcy also became a focal point of the debate on whether to help local governments in distress. Chriss Street, the county treasurer, testified that his government worked its way out of bankruptcy "without a bailout or intervention."

"If you bail out certain investors in Lehman, you'll have to bail out others," Street warned.

These comments drew a sharp response from Speier, who said there was a big difference between Orange County, which had invested in risky derivatives, and San Mateo. After the Orange County bankruptcy, California tightened rules on investments for local governments.

"It's not like these government bodies were using taxpayer funds to speculate in the market," Speier said. "It's ironic that if they had invested in credit default swaps with AIG they wouldn't have to be here today."